



**FUTURE GENERATION**  
GLOBAL INVESTMENT COMPANY

# Investment update

As at 31 January 2019

## Snapshot

Pre-tax net tangible assets

**\$1.29**

Gross assets

**\$508.4m**

Management fees

**0%**

Performance fees

**0%**

futuregeninvest.com.au  
ABN 52 606 110 838

## Future Generation Global Investment Company Limited

ASX code	FGG
Date of listing	Sep 2015
Gross assets	\$508.4m
Market cap	\$534.8m
Share price	\$1.365
NTA before tax	\$1.29
Shares on issue	391,791,594
Management fees	0.0%
Performance fees	0.0%
Annual donation (% of NTA)	1.0%
Fully franked dividend (FY2018)	1.0c

### Investment objectives

- Achieve capital growth
- Preserve shareholder capital
- Provide a stream of fully franked dividends

### Company overview

Future Generation Global Investment Company (ASX: FGG) provides:

**Shareholders** with exposure to leading global fund managers without paying management or performance fees.

**Charities** focused on youth mental health with a stream of annual donations.

**Fund managers** with a unique opportunity to make a positive difference to Australia's future generations.

#### Chairman

Belinda Hutchinson AM

#### Founder and Director

Geoff Wilson AO

#### Chief Executive Officer

Louise Walsh

#### Directors

Frank Casarotti

Kiera Grant

Sarah Morgan

#### Investment Committee

Sean Webster, Chair

Chris Donohoe

Aman Ramrakha

Geoff Wilson AO

Lukasz de Pourbaix

Gary Brader

#### Company Secretary

Kate Thorley

Mark Licciardo

## Portfolio update

Following the allocation of capital raised through the Share Purchase Plan and Placement in January, the FGG Investment Committee have made further investments in early February 2019.

During the month, additional investments were made in the Magellan Global Fund, Antipodes Global Fund, Cooper Investors Global Equities Fund (Unhedged), Nikko AM Global Share Fund, Munro Global Growth Fund and Paradise Global Small Mid Cap Fund (Unhedged).

In early February, the remaining allocation of additional investments were made in the Caledonia Fund, Manikay Global Opportunistic USD Fund, Ellerston Global Mid Small Cap Fund, Marsico Global Fund, Avenir Value Fund and Morpnic Global Opportunities Fund.

As at 31 January 2019, the investment portfolio is comprised of 13 fund managers with investments in 13 unlisted trusts and one direct listed investment company.

## Investment portfolio

In January, the FGG investment portfolio increased 2.1%. The MSCI AC World Index (AUD) rose 4.5% for the month.

Since inception, the investment portfolio has increased 7.8% per annum. FGG's investment portfolio performance has been achieved with less volatility as measured by standard deviation, 8.4% versus the market's 9.9%.

The spread between the broad equities strategies is currently 52.2% long equities, 34.6% absolute bias and 13.2% cash, including the impact of the new investments deployed in early February 2019.

## Performance

Performance at	6	1	Since
31 January 2019	mths	yr	inception
			% p.a. (Sep-15)
FGG Investment Portfolio <sup>1</sup>	-3.0%	6.9%	7.8%
MSCI AC World Index (AUD)	-2.5%	2.5%	8.0%
<b>Outperformance</b>	<b>-0.5%</b>	<b>+4.4%</b>	<b>-0.2%</b>

<sup>1</sup>Investment performance and Index returns are before expenses, fees and taxes.

## Net tangible assets (NTA) figures

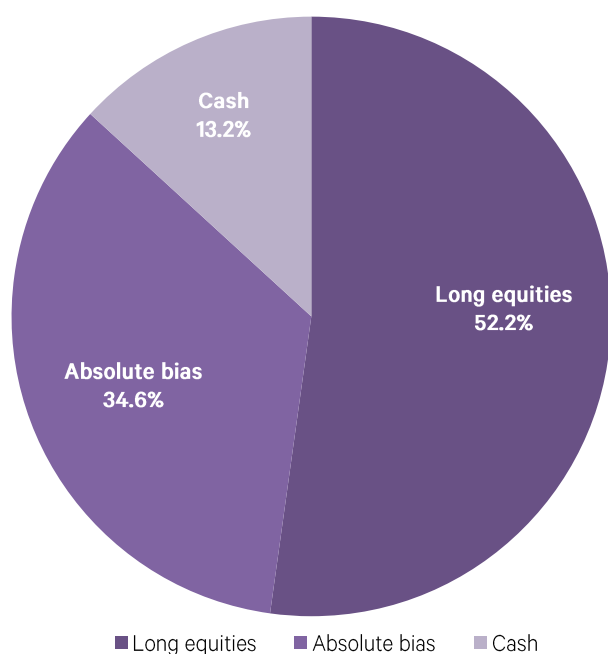
NTA before tax	129.09c
NTA after tax and before tax on unrealised gains	128.88c
NTA after tax	125.55c

## Fund manager allocations

Fund manager	Investment	Strategy	% of portfolio
Magellan Asset Management	Magellan Global Fund	Long equities	11.2%
Antipodes Partners	Antipodes Global Fund	Absolute bias	10.3%
Cooper Investors	Cooper Investors Global Equities Fund (Unhedged)	Long equities	10.1%
Marsico Capital Management	Marsico Global Fund	Long equities	8.7%
Caledonia	Caledonia Fund	Long equities	7.1%
Nikko Asset Management Australia	Nikko AM Global Share Fund	Long equities	6.8%
VGI Partners	VGI Partners Funds	Absolute bias	6.4%
Manikay Partners	Manikay Global Opportunistic USD Fund	Absolute bias	5.2%
Ellerston Capital	Ellerston Global Mid Small Cap Fund	Long equities	4.8%
Morphic Asset Management	Global/Ethical Strategies (split out below)		4.5%
	Morphic Global Opportunities Fund	Absolute bias	3.6%
	Morphic Ethical Equities Fund Limited	Absolute bias	0.9%
Munro Partners	Munro Global Growth Fund	Absolute bias	4.4%
Avenir Capital	Avenir Global Fund	Absolute bias	3.8%
Paradice Investment Management	Paradice Global Small Mid Cap Fund Unhedged	Long equities	3.5%
	Cash and Term Deposits	Cash	13.2%

The fund manager allocations above include the impact of committed applications for additional investments processed in early February 2019.

## Investment strategy allocation



### Long equities

Investing in a portfolio of equities based on the expectation that the underlying equities will increase in value within a certain time horizon. Each equity represents an ownership claim in an underlying company which is generally listed on a public stock exchange. The long equities portion of the portfolio includes exposure to large-cap, mid-cap and small-cap stocks.

### Absolute bias

An investment strategy that seeks to generate returns, irrespective of the performance of traditional asset classes. These strategies use innovative investment techniques (including but not limited to short selling and leveraging) to profit from rising and falling markets, providing portfolio protection in the event an equity market experiences a significant fall.

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## Pro bono fund managers



## Fund manager in focus: Antipodes Partners



### About Antipodes Partners

Antipodes Partners is a global asset manager offering a pragmatic value approach across long only and long-short strategies with approximately \$8 billion in assets under management. It was founded in 2015 by Jacob Mitchell together with a number of former colleagues and like-minded value investors.

Antipodes is majority owned by its seasoned investment team and its performance culture is underpinned by sensible incentives, a focused offering and the outsourcing of non-investment functions to minority partner Pinnacle Investment Management Limited.

For more information, visit [antipodespartners.com](http://antipodespartners.com)

### Top 10 holdings

as at 31 January 2019	%
Cisco Systems Incorporated	2.7%
Electricite de France	2.7%
Baidu Incorporated	2.7%
KB Financial Group Incorporated	2.6%
General Electric Company	2.6%
Ping An Insurance (Group) Company of China Limited	2.6%
Tapestry Incorporated	2.6%
Samsung Electronics Company Limited	2.5%
KT Corporation	2.5%
China Mobile Limited	2.4%

### Our investment style

Antipodes aspires to grow client wealth over the long-term by generating absolute returns in excess of the benchmark, at below market levels of risk. We seek to take advantage of the market's tendency for irrational extrapolation, identify investments that offer a high margin of safety and build portfolios with a capital preservation focus.

### Our market outlook

The key risk to markets today is a withdrawal of post quantitative easing (QE) liquidity provided by central banks globally, potentially culminating in a protracted slowdown in global growth and a stylistic rotation out of stocks which characterise quality and structural growth into low multiple stocks or value. These risks are exacerbated by the following:

- In China, strict measures to control excesses in its shadow banking system – a system which allows smaller banks to bypass regulatory scrutiny and continue extending credit to state-owned enterprises (SOE's) operating in overcapacity industries.
- In the EU, a commitment to fiscal rectitude in the face of pressure from member nations such as Italy and France for greater flexibility.
- In the US, set against a stronger US dollar, tighter monetary policy, quantitative tightening (QT) and emerging markets like twin deficits, a limited fiscal backstop following a period of loose fiscal policy.
- Rapid accumulation of credit by the China/HK private sector, US corporate sector, particularly low-quality corporate credit, and property driven debt cycles in Canada, Australia and across Scandinavia.
- Extremities in the re-rating of stocks which characterise structural growth and quality.

Unsurprisingly, as the negative macroeconomic rhetoric intensified through the second half of 2018, the more cyclically exposed parts of the global market have continued to underperform. Whilst we see relative value appearing in cyclicals, particularly excluding the US, we don't believe it is time to be too aggressive on this exposure, especially considering the global growth cycle is yet to mature and the early nature of the Federal Reserve's QT program.

### Antipodes Global Fund Performance

	1 yr	3 yrs % p.a.	Since inception % p.a. (Jul-15)
<b>Performance at 31 January 2019</b>			
Antipodes Global Fund*	1.5%	11.4%	10.4%
MSCI AC World Net Index	2.7%	10.5%	7.8%
<b>Outperformance</b>	<b>-1.2%</b>	<b>+0.9%</b>	<b>+2.6%</b>

\*Investment portfolio returns are net of fees.

## Charity in focus: Orygen



### About Orygen

Orygen, the National Centre of Excellence in Youth Mental Health, is the world's leading research and knowledge translation organisation specialising in mental ill-health in young people.

Our vision is for all young people to enjoy optimal mental health as they grow into adulthood. We are committed to delivering cutting-edge research, policy development, innovative clinical services, and evidence-based training and education to ensure that there is continuous improvement in the treatments and care provided to young people experiencing mental ill-health.

### Orygen and FGG

The support of FGG has completely changed the way in which Orygen is able to work. It has allowed us to build a significant program of work around preventing youth suicide. It has enabled us to bring together lots of smaller pieces of work into a highly integrated and systematic program that we believe will have a significant impact on young people not just across Melbourne but throughout Australia. It has enabled us to take a much more strategic approach to the development of our program, from which we have been able to leverage not only additional funds but also critical partnerships.

Importantly, it has also enabled Orygen to build capacity in the form of the next generation of suicide prevention researchers by allowing us to attract a team of highly talented research staff and students to help us in this field.

The support of FGG has enabled Orygen's suicide and self-harm prevention work to:

- Share the research evidence about youth suicide prevention through the publication of a world-first review of youth-specific interventions that analyses where gaps exist in current services, and provides a roadmap for future research, policy and investment.
- Host, for the second year, a community forum attended by over 100 community members including staff and students from 19 different schools across north-west Melbourne. The forum focused on suicide prevention in educational settings and was led by two youth conveners.
- Launch #chatsafe - world-first guidelines for young people to talk safely online about suicide. The guidelines were co-designed by young people and suicide prevention experts. The #chatsafe guidelines have been downloaded over 12,000 times and a Facebook live launch event hosted by Orygen and BuzzFeed received over 20,000 views online.
- Improve clinical care for those presenting to Emergency Departments (EDs) with self-harm injuries, by monitoring triage data and supporting ED staff through the provision of regular best-practice training. FGG's initial investment allowed us to commence this work in four EDs in north-west Melbourne including two major regional sites. Funding has been secured from the Victorian Department of Health and Human Services to expand this project to four additional hospitals across Victoria.

For more information, visit [orygen.org.au](http://orygen.org.au)



### Q&A with Jo Robinson, Head of Suicide Prevention

#### What is your driving motivation?

Despite continuing government investment, youth suicide rates are increasing in Australia. Rates of suicide attempt and self-harm are also increasing and all of this has a devastating effect on young people, their families and the wider community. There is a desperate need for an evidence-based, youth-friendly and integrated approach to suicide prevention, yet there is a distinct lack of research in this area, and that is what motivates me in this work.

It is also incredibly rewarding to work so closely with young people. They are our partners every step of the way in what we do. They keep us real when it comes to understanding what the issues are for them and what improvement could and should look like. That is very energising.

#### What is the most challenging aspect of your role?

Working in suicide prevention and seeing the impact of suicidal thoughts and behaviours on young people and their families can be terribly difficult. All too often young people fall through the cracks in services and they are the ones at greatest risk of poor outcomes including suicide, which is incredibly frustrating and distressing to see. We really need an integrated system with young people at the front and centre and a service system that can meet their needs. That is what we strive for every day at Orygen.

It is important to say that it is also incredibly rewarding working with young people, families and community members, as well as so many passionate clinicians and service providers, all of whom are working tirelessly to improve the lives of young people in Australia.

## Charities



## Service providers

